



ANNUAL REPORT
1970

NATIONAL SEA PRODUCTS LIMITED



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NATIONAL SEA PRODUCTS LIMITED
ANNUAL REPORT / 1970

REPORT OF DIRECTORS

TO THE SHAREHOLDERS:

On behalf of the Board of Directors, I am pleased to submit the Annual Report of the Company, including the Financial Statements and the Report of the Company's Auditors, for the fiscal year ended August 31, 1970.

SALES

Consolidated net sales and other revenue again reached a new record, totalling \$64,949,922, an increase of \$3,266,163, or 5.3% over 1969.

OPERATING RESULTS

Our results for the year must be considered as most satisfactory considering that five of our groundfish plants were shut down by a strike of our plant workers for approximately two months. This strike, which took place during our busiest season, was extremely costly, not only for the Company and its employees, but for the fishermen who man our trawlers.

Net profit for the year was \$1,866,019, compared with \$1,351,629 for 1969. This represents a percentage of 2.9% of net revenue as compared with 2.2% for the previous year. Had the groundfish plants operated for the full twelve months, our profit would have been considerably higher. Diversification, particularly our operations outside of Canada, added materially to our profits.

Dividends received from investments in non-resident corporations amounted to \$751,950. This source of income has now become so significant that it is shown separately on the statement.

Prices for practically all of our products remain firm, although margins on our U. S. sales were adversely affected by the freeing of the Canadian dollar.

The By-Products Division increased its volume of sales, and again made a substantial contribution to the overall earnings of the Company. Growth in this segment of our operations continues, and the outlook for the year ahead is optimistic.

CAPITAL EXPENDITURES AND DEPRECIATION

Capital expenditures for the year amounted to \$2,201,004. Major expenditures included the purchase and expansion of a lobster processing and cold storage plant at Summerside, Prince Edward Island; completion of our Eagle Fisheries Division

expansion at Shippegan, New Brunswick; improvements at the Rockland, Maine, plant; and the purchase of Lunenburg Trawlers Limited, which owns and operates two trawlers, one of which is a sister ship to our own modern stern ramp trawlers.

Depreciation of fixed assets was \$1,878,562, compared with \$1,665,997 in 1969.

FINANCIAL POSITION

During the year, according to the terms of issue, we redeemed \$1,131,500 of the Second Preference Shares, and the balance of these shares will be redeemed by December 1, 1970.

Additions to long term debt amounted to \$1,493,182, largely representing mortgage loans from the New Brunswick Development Corporation. After providing for current instalment repayments, our total indebtedness was \$11,099,181, a small net increase over 1969.

Working capital was maintained at about the same level, being \$8,313,516, a slight decrease from \$8,571,517.

Item No. 5 in "Notes to Consolidated Financial Statements" refers to income taxes. Your Company has had the best of professional advice regarding these matters, and guided by this advice, we believe our position to be right. We have entered appeals against the assessments and have not provided any reserves in the statements for them. Even if they were upheld, income taxes would only be payable in future years when available capital cost allowances became depleted. Thus no cash outlay would be involved for some considerable time to come.

EARNINGS AND DIVIDENDS

Common share earnings, after providing for preferred dividends, were \$1.40 per share; cash flow, after preferred dividends, amounted to \$3.61 per share — both new records.

Semi-annual dividends on the Preference Shares were paid in January and July at the rate of 5½% per annum, and a total of \$87,672 in dividends was paid on the Second Preference Shares, which were largely redeemed during the year. Common dividends amounting to 33c per share were paid quarterly at the rate of 6c in October, with an increase to 9c in January, April and July.

OPERATIONS AND FUTURE EXPANSION

During the year, we made important additions to our Shippegan plant, which is now one of the largest and most diversified in the Company. Its fish meal production capacity is 1,100 tons of raw material a day. The processing plant is capable of handling not only groundfish, but snow crab, shrimp, blueberries and lobster. Additional storage facilities for fish meal and oil are being considered, as well as improvements and additions to our ice making and ice storage facilities.

At our Louisbourg Division, after eighteen years of service, it is necessary to install more modern fish meal equipment, and a changeover from coal to oil-fired boilers will have to be made during the year.

At the 40-Fathom Division in Halifax, some renovations and additional facilities are also contemplated.

Our other Canadian plants are in good condition and no major capital expenditures are contemplated for the near future.

In last year's Report, we referred to the building of a large herring reduction plant in Burgeo, Newfoundland. This plant, built jointly by ourselves and the Lake interests of Newfoundland, was opened late in January and was operating well by the end of the season. We are looking forward to a successful season this year, as most of our start-up problems should now be behind us.

At present, we are unable to announce construction plans for our proposed new Tampa shrimp plant, although this project has a high position on our priority list. Considerable improvements will be made in our existing plant which will enable us to increase production until such time as a new plant is built.

Additions to our breeding and cooking facilities at the Rockland, Maine, plant will be commenced shortly, and will add considerably to its production capabilities.

TRAWLER PROGRAM

For the past two years, we have not built any trawlers, and our trawler modernization program, started in the early 1960's, has been at a standstill. We believe that the time has come to reactivate this

program in order to maintain a modern and efficient fleet. We have, therefore, retained a firm of naval architects to develop a new trawler design incorporating all the latest technology in gear handling and fishing methods.

GENERAL REMARKS

We feel it is important for your Company to continue to expand its diversification program. The fact that we are a diversified seafood company enabled us to come through a costly strike that would have had even more serious implications a few years ago.

Our industry is labour intensive and operates in a sector of industry that pays relatively low wages. While at the present time we are paying the highest wages in the East Coast fishing industry, we recognize the need of closing the wage gap with other manufacturing industries in order to attract and keep a satisfied and efficient work force. This, of course, can only be accomplished by retaining our competitive position and by effecting further increases in productivity.

During the year, important steps were taken to conserve and manage the fish stocks off the East Coast. Fishing for haddock on Georges and Browns Banks was limited during the spawning season and quotas were imposed for the balance of the year. These limitations on fishing will be in effect for 1970, 1971 and 1972. This came about through the cooperation and agreement of the major countries fishing this area, all of whom are members of the International Commission for the Northwest Atlantic Fisheries. The Federal Minister of Fisheries has made many references to the need for Canada to have a more important voice in the management of the fishery resource off its coast. We believe that with proper conservation measures and a continuance of the awareness of the need of proper management, the resource will be protected, and fishing will be a viable enterprise for many years to come.

OUR FISHERMEN

It is again a pleasure to pay tribute to the many fishermen who supply our plants. We wish to remind our shareholders that the deep sea fishermen on the East Coast of Canada have kept pace with modern fishing methods, and their productivity is higher than that of any fishermen operating in the Northwest Atlantic.

OUR EMPLOYEES

While at times we have differences of opinion with some of our employees and suffered our first major strike this year, for the most part they are willing and capable and have contributed their full share to our results, and we are most appreciative of their efforts.

The Company's contribution to the Employees' Savings and Profit Sharing Fund was \$319,834 — the highest amount since the Plan commenced eight years ago. The number of participants is also at a new high, and we continue to urge all employees not presently enrolled to participate in the Plan.

OUR CUSTOMERS

Sales of our consumer and institutional brands reached record levels during the year. We have been fortunate in achieving a great deal of customer confidence and support, and we wish to assure them of our continuing efforts to provide a wide line of nutritional, tasty and reasonably priced products in the future.

ORGANIZATIONAL AND EXECUTIVE CHANGES

During the year, we moved our Head Office staff, previously separated in three locations, to new and modern quarters in the Duke Street Tower at Scotia Square. With the exception of the Procurement Department, all Head Office employees are now in one location. This has already resulted in greater efficiency and improvements in operations.

In February, Mr. Peter R. Smith, formerly the Canadian Marketing Manager for the Company was appointed Vice President - Marketing. Mr. Smith has had considerable experience and has been well trained for this position. He will be a valuable addition to our top management team.

Further consolidation of our U.S. Sales Organization took place during the year by merging the Tampa and Rockland Sales Offices. Mr. E. Day Wood, Jr., formerly Manager of the Shoreline shrimp plant, has assumed responsibility for all our sales in the United States. Mr. Brian Longbottom succeeded Mr. Wood as Manager of the Tampa shrimp plant.

We have continued our management training program, which has done a great deal to improve management skills and flexibility to change. We have also appointed a Manager of Personnel Development

to assist in upgrading individual skills and provide a program of specialized job training.

RESEARCH AND DEVELOPMENT

Your Company is striving to improve the profit margins on our product line by introducing new products and purchasing or creating process and productivity improvements.

During the year our resources of both Product and Process Development and Work Study were further expanded.

We developed within the Company a fillet forming machine — a device which will shape fillets from fish blocks. One is now in use and two additional machines are on order. They will be used in Canada and the U.S., and the prospect of making additional machines for sale or lease in North America and Europe is being investigated. Patents have been applied for.

For some years, we have striven to find a profitable use for shellfish waste, and we have sponsored the development of an extract from lobster. The process has passed pilot and small scale production tests, and the feasibility of establishing a full scale production plant is underway.

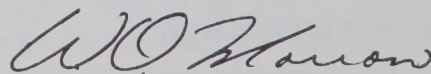
If this and other processes presently being examined appear feasible, they will be developed and thereby further increase diversification and profits.

FUTURE OUTLOOK

Future prospects are encouraging. We will continue to place greater emphasis on marketing and the upgrading of our products. We are also encouraged by the positive steps being taken in resource conservation and management, and the awareness of governments of the problems in this area. Through research and development, the Company expects to find additional areas for innovation and diversification. Our most important resource is a dedicated, imaginative and loyal staff.

Although the industry has and will continue to face many problems, the future promises to be exciting, and we face it with enthusiasm.

On behalf of the Board of Directors,



W. O. Morrow
President

HALIFAX, N. S.
NOVEMBER 5, 1970



1970 aerial view of the High Liner Division Plant at Lunenburg, N. S., which is one of the largest Seafood Processing Plants in the world.

NATIONAL SEA P

(Incorporated under the laws of the State of New York)

and its subsidiaries

Consolidated

August

(with comparative figures for 1969)

Assets

	<u>1970</u>	<u>1969</u>
Current:		
Cash	\$ 386,827	\$ 635,850
Accounts receivable — trade, fishermen and other, less allowance for doubtful accounts	10,058,942	9,128,523
Inventories of marketable products and supplies valued at the lower of cost or net realizable value	11,166,312	9,557,064
Prepaid expenses	314,427	394,637
Total current assets	<u>21,926,508</u>	<u>19,716,074</u>
 Fixed — at cost:		
Land, buildings, wharves, machinery and other	22,484,236	20,826,876
Trawlers	14,483,081	14,306,194
	<u>36,967,317</u>	<u>35,133,070</u>
Less accumulated depreciation (note 1)	18,874,338	17,433,278
Net fixed assets	<u>18,092,979</u>	<u>17,699,792</u>
 Investments:		
Trawler companies	307,267	109,401
Shares (note 2)	1,456,219	621,819
Other	311,882	71,147
Total investments	<u>2,075,368</u>	<u>802,367</u>
 On behalf of the Board:		
H. P. Connor, Director		
W. O. Morrow, Director		
	<u>\$42,094,855</u>	<u>\$38,218,233</u>

See accompanying notes

PRODUCTS LIMITED

(In the Province of Nova Scotia)

by companies

Balance Sheet

1970

as at August 31, 1969)

Liabilities and Shareholders' Equity

	1970	1969
Current:		
Bank indebtedness	\$ 6,811,139	\$ 5,312,294
Notes payable	802,815	310,921
Accounts payable and accrued charges	4,566,559	4,197,930
Income taxes payable (note 5)	361,135	—
Instalments on long-term debt due within one year	1,071,344	1,323,412
Total current liabilities	<u>13,612,992</u>	<u>11,144,557</u>
Long-term debt (notes 3 and 4)	<u>11,099,181</u>	<u>10,680,906</u>
Deferred income taxes (note 5)	<u>2,391,721</u>	<u>1,722,229</u>
Shareholders' equity (note 4):		
Capital—		
Authorized:		
400,000 5½% cumulative preference shares of a par value of \$5 each redeemable at par		
260,000 8½% cumulative second preference shares of a par value of \$5 each redeemable at par		
2,000,000 common shares, no par value		
Issued:		
385,875 preference shares	1,929,375	1,929,375
33,700 second preference shares (1969—260,000)	168,500	1,300,000
1,196,143 common shares	<u>2,728,965</u>	<u>2,728,965</u>
	4,826,840	5,958,340
Contributed surplus	969,416	795,000
Retained earnings	<u>9,194,705</u>	<u>7,917,201</u>
Total shareholders' equity	<u>14,990,961</u>	<u>14,670,541</u>
	<u>\$42,094,855</u>	<u>\$38,218,233</u>

NATIONAL SEA PRODUCTS LIMITED

and its subsidiary companies

Statements of Consolidated Income and Retained Earnings for the year ended August 31, 1970

(with comparative figures for the year ended August 31, 1969)

Statement of Income

	<u>1970</u>	<u>1969</u>
Net sales	\$64,949,922	\$61,683,759
Cost of Sales	<u>53,629,296</u>	<u>51,427,268</u>
	11,320,626	10,256,491
Selling, general and administrative expenses	<u>6,212,775</u>	<u>5,521,774</u>
Income from operations before the following	<u>5,107,851</u>	<u>4,734,717</u>
Add:		
Investment income	<u>751,950</u>	<u>206,742</u>
	<u>5,859,801</u>	<u>4,941,459</u>
Deduct:		
Interest on long-term debt	<u>782,901</u>	<u>748,803</u>
Contribution to Employees' Savings and Profit Sharing Retirement Fund	<u>319,834</u>	<u>252,665</u>
Provision for depreciation	<u>1,878,562</u>	<u>1,665,997</u>
	<u>2,981,297</u>	<u>2,667,465</u>
Income before income taxes	<u>2,878,504</u>	<u>2,273,994</u>
Provision for income taxes:		
Current	<u>243,988</u>	<u>57,166</u>
Deferred	<u>768,497</u>	<u>865,199</u>
	<u>1,012,485</u>	<u>922,365</u>
Net income for the year	<u>\$ 1,866,019</u>	<u>\$ 1,351,629</u>
Earnings per common share	<u>\$1.40</u>	<u>\$1.04</u>
Fully diluted earnings per common share assuming conversion of debentures (note 6)	<u>\$1.28</u>	<u>\$.96</u>

Retained Earnings

Balance, beginning of year	\$ 7,917,201	\$ 6,851,109
Add net income for the year	<u>1,866,019</u>	<u>1,351,629</u>
	<u>9,783,220</u>	<u>8,202,738</u>
Dividends:		
Preference	<u>193,788</u>	<u>106,116</u>
Common	<u>394,727</u>	<u>179,421</u>
	<u>588,515</u>	<u>285,537</u>
Balance, end of year	<u>\$ 9,194,705</u>	<u>\$ 7,917,201</u>

See accompanying notes to financial statements

NATIONAL SEA PRODUCTS LIMITED

and its subsidiary companies

Statement of Consolidated Source and Application of Funds

for the year ended August 31, 1970

(with comparative figures for the year ended August 31, 1969)

		<u>1970</u>	<u>1969</u>
<i>Source of Funds</i>	Net income for the year	\$1,866,019	\$1,351,629
	Add charges not represented by cash outlay during the year—		
	Depreciation	1,878,562	1,665,997
	Portion of tax provision applicable to future years ..	768,497	865,199
	Other	(1,833)	77,536
	Total funds provided from earnings	4,511,245	3,960,361
	Issue of shares	—	1,300,000
	Increase in mortgages	1,493,182	1,151,904
	Federal grant	174,416	420,000
	Disposal of fixed assets	25,360	26,126
	Total funds provided	<u>6,204,203</u>	<u>6,858,391</u>
<i>Application of Funds</i>	Additions to fixed assets	2,201,004	2,874,392
	Instalments on long-term debt due within one year	1,071,344	1,323,412
	Prior years' income taxes payable (note 5)	196,840	—
	Dividends paid	588,515	285,537
	Increase in investments	1,273,001	610,510
	Preferred shares redeemed	1,131,500	—
	Total funds applied	<u>6,462,204</u>	<u>5,093,851</u>
	Resulting in an increase (decrease) in working capital during the year of	(258,001)	1,764,540
	Working capital, beginning of year	8,571,517	6,806,977
	Working capital, end of year	<u>\$8,313,516</u>	<u>\$8,571,517</u>

See accompanying notes to financial statements

NATIONAL SEA PRODUCTS LIMITED

and its subsidiary companies

Notes to Consolidated Financial Statements

August 31, 1970

1. Depreciation:

Depreciation on the fixed assets of the company and the majority of its subsidiaries is provided on the straight line method at the following rates:

Brick buildings	4%
Wooden buildings and wharves	5%
Machinery and equipment	5% and 10%
Trawlers	8% for 5 years
	6% for 10 years
Other	10% to 25%

2. Investments in shares have a net asset value (excluding federal grants in the amount of \$456,000 received in the current year) on the various companies' books as at August 31, 1970 of \$1,448,079 (\$953,623 as at August 31, 1969). The 1970 asset values include a claim receivable of approximately \$300,000 which the directors of the subject company, supported by the advice of legal counsel, are of the opinion will be successfully sustained.

3. Long-term debt:

Secured -

First Mortgage and Collateral Trust Bonds:

5½ % serial series "A" due 1970	\$ 200,000
5¾ % serial series "A" due 1971-1974	400,000
6% serial series "A" due 1975-1979	500,000
7% serial series "B" due 1972-1977	2,000,000
	<u>3,100,000</u>

Trawler mortgage loans:

5½ % due semi-annually to 1974	111,969
4½ % due semi-annually to 1975	17,783
5½ % due semi-annually to 1976	64,412
5½ % due semi-annually to 1978	489,634
5½ % due semi-annually to 1979	754,805
5½ % due semi-annually to 1980	301,151
6½ % due semi-annually to 1983	2,302,582
	<u>4,042,336</u>

Other:

6% First mortgage bonds due quarterly to 1974	85,000
3% mortgage due annually to 1976	286,364
6% mortgage due semi-annually to 1976	480,000
8½ % mortgage due semi-annually to 1984	1,131,500
Miscellaneous	25,450
	<u>2,008,314</u>

Unsecured -

6¼ % Convertible Subordinated Sinking Fund Debentures Series "A" due 1981	2,700,000
9% term bank loan due \$60,000 (U. S.) annually to 1975	319,875
	<u>3,019,875</u>
	<u>12,170,525</u>

Less instalments due within one year included in current liabilities

1,071,344

\$11,099,181

Principal and Sinking Fund payments required in each of the next five years:

1971	\$1,075,000
1972	1,125,000
1973	1,075,000
1974	1,125,000
1975	1,075,000

4(a) Shareholders' equity:

Second preference shares - During the year 226,300 of the 8½% cumulative second preference shares of a par value of \$5 each were redeemed at par. As provided by the Nova Scotia Companies Act, \$1,131,500 of Retained Earnings is reserved for a Capital Redemption Reserve Fund.

Common shares - Each \$1,000 principal amount of 6¼% Convertible Sinking Fund Debentures Series "A" due 1981 is convertible into common shares of the company on the following bases:

- (i) up to March 15, 1971 into 67 common shares; and thereafter
- (ii) up to March 15, 1976 into 57 common shares.

- (b) The Trust Deed securing the First Mortgage and Collateral Trust Bonds and the Trust Indenture under which the 6¼% Convertible Subordinated Sinking Fund Debentures Series "A" are issued contain certain restrictions including among others, restrictions as to the payment of dividends, reduction of capital and retirement of sinking fund debentures in the event of consolidated working capital (defined to exclude long-term debt due within one year), being less than \$6,000,000 or consolidated retained earnings being less than \$5,600,000.
- (c) Contributed surplus represents federal grants in connection with the establishment of plants at Shippegan, New Brunswick and Summerside, Prince Edward Island.

5. Commitments and contingencies:

Rentals aggregating approximately \$300,000 per annum are payable under long-term leases of facilities in Montreal and Lunenburg to 1993.

The company has an agreement committing it to lease payments in respect to a herring reduction plant at Burgeo, Newfoundland and the payments are designed to amortize the required financing of \$1,400,000 by varying annual payments not exceeding \$300,000 per annum, together with varying interest costs which are currently 9½% per annum, over a period of seven years.

It was noted last year that the Department of National Revenue had indicated that it did not agree with the companies' methods of computing taxable income for the taxation periods ending in 1966 and 1967 but that notices of reassessment had not been received. Recently notices of reassessment have been received for the periods from 1966 to 1969 inclusive in which the Department has taken a position with different implications to the company from those it had indicated at the time of last year's report.

It is the opinion of the company's professional advisors that the reassessments should be appealed and that it is not necessary to make provision in these financial statements for any additional income taxes. Accordingly, the company is appealing the assessments and has made no provision for income taxes relative to these reassessments. Because of the availability of capital cost allowances, \$196,840 only of additional income taxes are currently payable and these taxes have been reflected in the Balance Sheet as Current Liabilities and Deferred Income Taxes have been correspondingly reduced.

If each of the various principles on which the reassessments have been based were upheld in its entirety, the effect would be to increase the provision for income taxes (principally deferred taxes) and reduce net income by approximately \$500,000 for 1970, \$300,000 for 1969 and \$2,100,000 for prior years. No taxes are currently payable other than the aforementioned amount of \$196,840 all of which is applicable to years prior to 1969. The balance of the taxes (which are deferred taxes) would become payable only as and when recorded depreciation exceeds capital cost allowances now available and becoming available from future capital expenditures. Furthermore, of the amount applicable to prior years, \$1,054,228 represents the reversal of retroactive adjustments made in 1967 and 1968 charging Deferred Income Taxes and crediting Retained Earnings.

6. Earnings per share:

For purposes of calculating the figures for fully diluted earnings per share, the earnings applicable to common shares were increased by the interest after income taxes (1970 - \$85,000; 1969 - \$88,000) on the 6¼% convertible debentures and the number of common shares adjusted to reflect the additional shares (1970 - 180,900; 1969 - 185,925) that would have resulted on an assumed conversion as at the beginning of the year of all debentures outstanding at the end of the year.

Clarkson, Gordon & Co.

Chartered Accountants

The Centennial Building,
1645 Granville Street, Halifax, Canada

Halifax Quebec Montreal Ottawa
Toronto Hamilton Kitchener London Windsor
Winnipeg Regina Calgary Edmonton Vancouver

Arthur Young, Clarkson, Gordon & Co.
United States—Brazil

Telephone 429-4080 (Area Code 902)

AUDITORS' REPORT

To the Shareholders of
National Sea Products Limited:

We have examined the consolidated balance sheet of National Sea Products Limited and its subsidiary companies as at August 31, 1970 and the statements of consolidated income, retained earnings and source and application of funds for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to successful appeal from the re-assessments of income tax described in note 5 to the consolidated financial statements, and according to the best of our information and the explanations given to us, and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated income, retained earnings and source and application of funds are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at August 31, 1970, and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Halifax, Canada
October 16, 1970.

Clarkson, Gordon & Co.

Chartered Accountants.

NATIONAL SEA PRODUCTS LIMITED

and its subsidiary companies

Comparative Financial Information for 1966-70

(All amounts are expressed in thousands, except as indicated†)

	1970	1969	1968	1967	1966
Working Capital	\$ 8,314	8,572	6,807	8,315	7,771
Plant, Equipment, Trawlers and other Fixed Assets after Depreciation	\$ 18,093	17,700	16,519	14,287	13,699
Total Assets	\$ 42,095	38,218	34,109	33,984	30,572
*Accumulated Deferred Income Taxes	\$ 2,392	1,722	857	1,036	1,548
Long Term Debt	\$ 11,099	10,681	10,852	10,933	8,880
Shareholders' Equity:					
Preference Shares	\$ 1,929	1,929	1,929	1,929	1,929
Second Preference Shares	\$ 169	1,300	—	—	—
Common Shares	\$ 2,729	2,729	2,729	2,729	2,729
Contributed Surplus	\$ 969	795	375	360	320
* Retained Earnings	\$ 9,195	7,917	6,851	6,480	6,759
Total Shareholders' Equity	\$ 14,991	14,671	11,884	11,498	11,737
Additions to Plant, Equipment, Trawlers and other Fixed Assets during year	\$ 2,201	2,874	3,923	2,880	4,429
Fish Landings (lbs)	186,000	197,000	207,000	215,000	211,000
Herring Purchased for Reduction (lbs) ..	143,000	87,000	17,000	3,000	2,000
Net Sales	\$ 64,950	61,684	57,783	54,703	53,875
Depreciation	\$ 1,879	1,666	1,666	2,131	1,785
*Income Taxes	\$ 1,012	922	300	(186)	943
*Net Income	\$ 1,866	1,352	668	113	1,215
Dividends on Preference Shares	\$ 194	106	106	106	106
Dividends on Common Shares	\$ 395	179	191	389	404
*Earnings Retained in Business for Ex- pansion	\$ 1,278	1,066	371	(382)	705
*Earnings per average number of Common Shares outstanding	† \$1.40	\$1.04	47c	.6c	93c
Common Dividends paid per share	† 33c	15c	16c	32½c	33¾c
*Earnings as a Percentage of Sales	† 2.9%	2.2%	1.2%	.2%	2.3%
Cash Flow per average number of Com- mon Shares outstanding (\$)	† 3.61	3.22	1.96	1.62	2.86
Number of Common Shares Outstanding at Year End	† 1,196,143	1,196,143	1,196,143	1,196,143	1,196,143

*After reflecting in the appropriate years the adjustment of deferred Income Taxes recorded in 1968 and 1967

SIGNS



OF



GOOD

TASTE



IN



QUALITY

Conley's

SEAFOODS